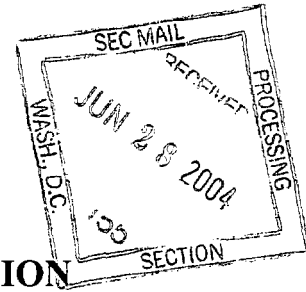




EX-107-4



**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D. C. 20549

FORM 11-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2003

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 1-15062

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

TIME WARNER THRIFT PLAN
(formerly named AOL Time Warner Thrift Plan)

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Time Warner Inc.
One Time Warner Center
New York, New York 10019

PROCESSED

JUL 02 2004

THOMSON
FINANCIAL

page 1 of 20 pages

Exhibit Index is on page 19

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

AOL Time Warner Thrift Plan

(now known as Time Warner Thrift Plan)

Years ended December 31, 2003 and 2002

with Report of Independent Registered Public Accounting Firm

AOL Time Warner Thrift Plan
(now known as Time Warner Thrift Plan)

Financial Statements
and Supplemental Schedule

Years ended December 31, 2003 and 2002

Contents

Report of Independent Registered Public Accounting Firm	1
Financial Statements	
Statements of Net Assets Available for Benefits.....	2
Statements of Changes in Net Assets Available for Benefits.....	3
Notes to Financial Statements.....	4
Supplemental Schedule	
Schedule H, Line 4(i)—Schedule of Assets (Held at End of Year).....	13

Report of Independent Registered Public Accounting Firm

Administrative Committee
AOL Time Warner Thrift Plan
(now known as Time Warner Thrift Plan)

We have audited the accompanying statements of net assets available for benefits of the AOL Time Warner Thrift Plan (now known as Time Warner Thrift Plan) as of December 31, 2003 and 2002, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2003 and 2002, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2003, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Ernst & Young LLP

New York, New York
June 11, 2004

AOL Time Warner Thrift Plan
(now known as Time Warner Thrift Plan)

Statements of Net Assets Available for Benefits

	December 31,	
	2003	2002
	<i>(In Thousands)</i>	
Investment in AOL Time Warner Defined Contribution Plans Master Trust (now known as Time Warner Defined Contribution Plans Master Trust) <i>(Notes A and C)</i>	\$ 676,570	\$ 550,179
Loans to participants	16,961	22,405
Other assets	76	65
Total assets	<u>693,607</u>	<u>572,649</u>
Forfeitures payable	2,862	1,956
Administrative expenses payable	9	42
Total liabilities	<u>2,871</u>	<u>1,998</u>
Net assets available for benefits	<u><u>\$ 690,736</u></u>	<u><u>\$ 570,651</u></u>

See accompanying notes.

AOL Time Warner Thrift Plan
(now known as Time Warner Thrift Plan)

Statements of Changes in Net Assets Available for Benefits

	Years ended December 31,	
	2003	2002
	<i>(In Thousands)</i>	
Net assets available for benefits at beginning of year	\$ 570,651	\$ 843,703
Changes in net assets		
Net investment gain (loss) from AOL Time Warner Defined Contribution Plans Master Trust (now known as Time Warner Defined Contribution Plans Master Trust) <i>(Notes A and C)</i>	145,412	(278,708)
Employing Company Contributions, net of forfeitures	15,475	16,371
Participant contributions	37,652	41,031
Dividend and interest income	1,391	1,902
Participant withdrawals	(79,548)	(53,402)
Administrative expenses	(297)	(246)
Net change	120,085	(273,052)
Net assets available for benefits at end of year	\$ 690,736	\$ 570,651

See accompanying notes.

AOL Time Warner Thrift Plan
(now known as Time Warner Thrift Plan)

Notes to Financial Statements

December 31, 2003

A. Description of the Plan

The following is an abbreviated description of the AOL Time Warner Thrift Plan (now known as Time Warner Thrift Plan) (the “Plan”) (see Note H). More complete descriptions are provided in the Plan documents, as amended, and the summary plan description/prospectus.

Effective October 16, 2003, AOL Time Warner Inc. changed its name to Time Warner Inc. (“Time Warner”) and the AOL Time Warner Inc. Stock Fund was changed to the Time Warner Inc. Stock Fund accordingly.

The Plan is a defined contribution profit sharing plan with a 401(k) feature generally covering eligible employees of certain Time Warner subsidiaries and affiliates (collectively, the “Employing Companies”). Employees may participate in the Plan after three months of continuous employment. In addition, employees classified as hourly or temporary employees who are credited with at least 1,000 hours of service in any one year are eligible to participate in the Plan. The Plan is a participating plan in the AOL Time Warner Defined Contribution Plans Master Trust (now known as the Time Warner Defined Contribution Plans Master Trust) (the “Master Trust”). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

Effective April 1, 2002, the Plan was amended to permit a participant to elect at any time to transfer holdings in the Time Warner Inc. Stock Fund that originated from Employing Company Contributions (as defined below) (other than account balances that were transferred from the Time Incorporated Payroll-Based Employee Stock Ownership Plan or the WCI Employee Stock Ownership Plan, which are subject to a limited diversification right) to any of the other Investment Funds (as defined below) after such amounts were credited to the participant’s account.

Prior to September 1, 2003, Employing Company matching contributions (“Matching Contributions”) were automatically invested in the Time Warner Inc. Stock Fund. Effective September 1, 2003, all Matching Contributions are invested in the same Investment Funds as the participant’s current employee contribution elections.

AOL Time Warner Thrift Plan
(now known as Time Warner Thrift Plan)

Notes to Financial Statements (continued)

A. Description of the Plan (continued)

On October 24, 2003, the Company completed the sale of Warner Music Group's CD and DVD manufacturing, printing, packaging and physical distribution operations (together, "Warner Manufacturing") to Cinram International Inc. Account balances of the employees of Warner Manufacturing were not transferred out of the Plan as part of the sale. As a result of this transaction, the employees of Warner Manufacturing were treated as terminated employees under the terms of the Plan. Upon the closing of the sale, the account balances of the transferred employees became fully vested.

Generally, the Plan provides for voluntary participant contributions on either an after-tax or pre-tax basis, or a combination of both, up to an annual limit prescribed by the Internal Revenue Code of 1986, as amended (the "Code"). Through December 31, 2002, after one year of continuous employment, Matching Contributions were made on participant contributions equal to 50% of the first 6% of eligible compensation up to a maximum Matching Contribution amount on participant's contributions. Effective January 1, 2003, after one year of continuous employment, certain Employing Companies match 66.67% of the first 6% of eligible compensation up to a maximum Matching Contribution amount on participants' contributions.

Participants are also allowed to transfer amounts from certain other tax qualified plans to the Plan ("Rollovers"). Rollovers are included as participant contributions in the statements of changes in net assets available for benefits.

Matching Contributions and any other amounts contributed by an Employing Company including those transferred into the Plan are deemed Employing Company contributions ("Employing Company Contributions").

The Plan provides for multiple investment funds (the "Investment Funds") made available through the trustee, Fidelity Management Trust Company ("Fidelity") pursuant to the Master Trust. Participant contributions, Matching Contributions, and Rollovers may generally be invested in specific increments in the Investment Funds.

Each participant's account is credited with his/her participant contributions, Rollovers, any Employing Company Contributions and any earnings or losses, as appropriate.

AOL Time Warner Thrift Plan
(now known as Time Warner Thrift Plan)

Notes to Financial Statements (continued)

A. Description of the Plan (continued)

Participant contributions, Rollovers, and earnings thereon are fully vested. Employing Company Contributions and earnings thereon generally vest based upon years or periods of service as follows:

Vesting for New Hires on or after January 1, 2000

Matching Contributions and Earnings Thereon		Profit-Sharing Contributions and Earnings Thereon	
Years or Periods of Service	Vested Percentage	Years or Periods of Service	Vested Percentage
Less than 2	0%	Less than 5	0%
2 but less than 3	25%	5 or more	100%
3 but less than 4	50%		
4 but less than 5	75%		
5 or more	100%		

Vesting for Those Hired prior to January 1, 2000

Matching Contributions and Earnings Thereon		Profit-Sharing Contributions and Earnings Thereon	
Years or Periods of Service	Vested Percentage	Years or Periods of Service	Vested Percentage
Less than 2	0%	Less than 3	0%
2 but less than 3	34%	3 but less than 4	20%
3 but less than 4	67%	4 but less than 5	40%
4 or more	100%	5 or more	100%

Employing Company Contributions and earnings thereon also become fully vested upon a participant's termination of service due to death or disability, attainment of age 65, or in the event of Plan termination. Forfeited contributions and earnings thereon are generally used to reduce future Employing Company Contributions to the Plan. Forfeitures for 2003 and 2002 are approximately \$382,000 and \$516,000, respectively.

Under the Plan, subject to certain restrictions and penalties, participants may withdraw amounts and/or take loans from their accounts and periodically transfer account balances among Investment Funds offered under the Plan. Loans are recorded at principal amounts and are treated as transfers between the individual Investment Funds and the participant loan fund. Loan terms range from one to five years or, for the purchase of a primary residence, 10 years (15 years effective January 1, 1999). Participants who have transferred accounts to the Plan with existing loans for the purchase of a primary residence have loan terms up to 30 years based on the plan provisions in effect of the plan from which the original loan was requested. Interest rates are fixed at the time of the loan at the prime rate plus 1%. Interest

AOL Time Warner Thrift Plan
(now known as Time Warner Thrift Plan)

Notes to Financial Statements (continued)

A. Description of the Plan (continued)

rates as of December 31, 2003 and 2002 range from 5.00% to 11.50% and 4.75% to 11.50%, respectively.

Generally, on termination of service, participants will receive the vested portion of their account in a lump sum. However, subject to certain restrictions, the Plan permits other payment options. In addition, at the option of the participant, the commencement of payments may be deferred, subject to certain limitations. Benefits distributed from all Investment Funds will be paid in cash except for the Time Warner Inc. Stock Fund, which also offers shares of Time Warner Inc. common stock (formerly AOL Time Warner Inc. common stock) ("Time Warner common stock") as a distribution election. Fractional shares are paid in cash.

Time Warner reserves the right to discontinue its contributions or to terminate or modify the Plan at any time. In the event of termination, the net assets of the Plan may be distributed to participants in accordance with the Plan's provisions and applicable law.

The Plan Administrator is a committee ("Administrative Committee") appointed by the Board of Directors of Time Warner. Certain administrative functions of the Plan have been delegated to others in accordance with the terms of the Plan.

B. Summary of Significant Accounting Policies

The accounting records of the Plan are maintained on the accrual basis.

Certain administrative costs are charged directly to the Plan. All other administrative costs are paid by Time Warner.

The preparation of financial statements are in conformity with U.S. generally accepted accounting principles and requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

AOL Time Warner Thrift Plan
(now known as Time Warner Thrift Plan)

Notes to Financial Statements (continued)

C. Investments

The assets of the Plan are primarily held in the Master Trust, a trust maintained for a collective investment of the assets of several qualified defined contribution plans sponsored by Time Warner or its affiliates. The Master Trust provides for eleven core investment funds, including several equity funds, a balanced fund, a stable value fund, a money market fund, a fund primarily invested in Time Warner common stock and, effective January 1, 2003, a growth and income mutual fund. The Master Trust also provides for many additional mutual funds as Investment Funds.

The beneficial interests of the Plan in the Master Trust at December 31, 2003 and 2002, used to allocate investment income/loss, gains and losses and certain expenses to the Plan, are 17.00% and 17.57%, respectively.

Investments are recorded by the Master Trust on a trade date basis at fair value. Investments in securities and mutual funds that are traded on a national securities exchange are valued at the last reported sales price on the last business day of the year. Investments in commingled trust funds are valued at unit values as reported by Fidelity and its affiliates. The Capital Preservation Fund may include guaranteed return insurance company contracts and synthetic investment contracts. The guaranteed return insurance company contracts are benefit responsive and are valued at contract value, which approximates fair value. Contract value represents contributions made under the contract, plus interest at the contract rate, less withdrawals under the contract. A synthetic investment contract is an agreement under which the Master Trust purchases debt obligations (such as fixed-income asset-backed, and mortgaged-backed securities) and then contracts with a financial institution to provide for liquidity and an adjustable rate of return thereon (called a "wrapper") which, when taken together with the underlying securities, generally results in a guaranteed return of principal and accrued interest. As such, synthetic investment contracts are recorded at contract value, which approximates fair value. The fair value of the underlying securities of the synthetic investment contracts in the Master Trust was approximately \$426,624,000 and \$420,068,000 as of December 31, 2003 and 2002, respectively.

Interest income in the Capital Preservation Fund is accrued at the weighted-average return of the individual fund investments, net of investment management and certain administrative fees (the "Crediting Rate"). The Crediting Rate is calculated daily and was 4.8% and 5.3% at December 31, 2003 and 2002, respectively. The average annualized yield of the Capital Preservation Fund was 5.1% and 5.8% for the years ended December 31, 2003 and 2002, respectively.

AOL Time Warner Thrift Plan
(now known as Time Warner Thrift Plan)

Notes to Financial Statements (continued)

C. Investments (continued)

The net assets available to participating plans in the Master Trust are summarized below:

	December 31,	
	2003	2002
	<i>(In Thousands)</i>	
Investments—at fair value:		
Commingled trust funds	\$ 1,581,485	\$ 1,246,178
Time Warner common stock	863,335	626,191
Synthetic investment contracts	410,799	397,182
Mutual funds	1,113,030	768,917
Cash equivalents	12,097	9,699
Total investments	3,980,746	3,048,167
Accrued investment income and other assets	6,755	94,696
Total assets	3,987,501	3,142,863
Total liabilities	7,830	11,200
Net assets available to Participating Plans	\$ 3,979,671	\$ 3,131,663

During the years ended December 31, 2003 and 2002, investment income (loss) of the Master Trust was as follows:

	Years ended December 31,	
	2003	2002
	<i>(In Thousands)</i>	
Interest and dividend income	\$ 39,160	\$ 34,554
Net realized and unrealized appreciation/(depreciation) in fair value of investments:		
Commingled trust funds	394,277	(249,635)
Time Warner Inc. common stock	247,628	(893,892)
Mutual funds	144,958	(77,855)
Total net realized and unrealized appreciation/(depreciation)	786,863	(1,221,382)
Total investment income and net realized and unrealized appreciation/(depreciation)	\$ 826,023	\$(1,186,828)

AOL Time Warner Thrift Plan
(now known as Time Warner Thrift Plan)

Notes to Financial Statements (continued)

D. Nonparticipant-Directed Investments

The Plan provides for a participant-directed program which allows participants to choose among various investment alternatives. With respect to the Matching Contributions, prior to September 1, 2003, the Time Warner Inc. Stock Fund included nonparticipant-directed investments that were directed by Time Warner and as specified under the Plan (see Note A).

Information about the net assets and the significant components of the changes in net assets relating to the Plan's beneficial interest in the Investment Fund that includes nonparticipant-directed investments is as follows:

	December 31,	
	2003	2002
	<i>(In Thousands)</i>	
Net assets:		
Time Warner Inc. Stock Fund	\$ 218,036	\$ 161,806
	<hr/>	
	Years ended December 31,	
	2003	2002
	<i>(In Thousands)</i>	
Changes in net assets:		
Net investment gain (loss) from AOL Time Warner		
Defined Contribution Plans Master Trust (now		
known as Time Warner Defined Contribution		
Plans Master Trust)	\$ 60,780	\$ (227,391)
Employing Company Contributions, net of forfeitures	12,357	16,375
Participant contributions	7,493	10,001
Participant withdrawals	(17,633)	(12,713)
Administrative expenses	(173)	(147)
Net transfers to participant-directed investments	(6,594)	(21,660)
Net changes in net assets	\$ 56,230	\$ (235,535)

AOL Time Warner Thrift Plan
(now known as Time Warner Thrift Plan)

Notes to Financial Statements (continued)

E. Transactions with Parties-in-Interest

Under the terms of the Plan and the Master Trust, Time Warner may elect to contribute shares of Time Warner common stock or cash for Employing Company Contributions to the Plan. There were no shares of Time Warner common stock contributed in 2003 and 2002 for Employing Company Contributions to the Plan. The Master Trust can also purchase or sell shares of Time Warner common stock on the open market or directly from or to Time Warner. There were no purchases or sales directly from or to Time Warner in 2003 or 2002.

F. Contingencies

As of June 11, 2004, three putative class action lawsuits have been filed alleging violations of ERISA in the U.S. District Court for the Southern District of New York on behalf of current and former participants in the AOL Time Warner Savings Plan, the Plan and/or the TWC Savings Plan (the "Plans"). Collectively, these lawsuits name as defendants Time Warner, certain current and former directors and officers of Time Warner and members of the Administrative Committees of the Plans. The lawsuits allege that Time Warner and other defendants breached certain fiduciary duties to plan participants by, *inter alia*, continuing to offer Time Warner stock as an investment under the Plans, and by failing to disclose, among other things, that Time Warner was experiencing declining advertising revenues and that Time Warner was inappropriately inflating advertising revenues through various transactions. The complaints seek unspecified damages and unspecified equitable relief. The ERISA actions have been consolidated for coordinated pre-trial proceedings as part of other Time Warner-related shareholder lawsuits and derivative actions under the caption *In re AOL Time Warner Inc. Securities and "ERISA" Litigation* in the Southern District of New York. On July 3, 2003, plaintiffs filed a consolidated amended complaint naming additional defendants, including America Online, Inc., certain current and former officers, directors and employees of Time Warner and Fidelity Management Trust Company. On September 12, 2003, Time Warner filed a motion to dismiss the consolidated ERISA complaint and that motion is pending. On September 26, 2003, the court granted Time Warner's motion for a limited stay of discovery in the ERISA actions. Time Warner intends to defend against these lawsuits vigorously. Time Warner is unable to predict the outcome of these cases or reasonably estimate a range of possible loss. The Plans are not named as defendants in these consolidated actions.

AOL Time Warner Thrift Plan
(now known as Time Warner Thrift Plan)

Notes to Financial Statements (continued)

G. Tax Status of Plan

The Plan has received a determination letter from the Internal Revenue Service dated April 10, 2002, stating that the Plan is qualified under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. The Plan is required to operate in conformity with the Code to maintain its qualification. The Administrative Committee believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

H. Subsequent Events

Effective January 1, 2004, the Plan name was changed to Time Warner Thrift Plan to reflect the new corporate name of the Plan's sponsor.

On March 1, 2004, Time Warner closed its sale of the Warner Music Group recorded music and music publishing operations to a private investment group for cash and an option to re-acquire a minority interest in the operations sold. Accordingly, participant balances having an aggregate value of approximately \$125 million were transferred from the Plan into a new plan established by the buyer, the Warner Music Group 401(k) Plan, on March 9, 2004. As of the March 1, 2004 closing date, contributions and transactions are made to this new plan for the transferred employees.

Supplemental Schedule

EIN: #13-4099534

Plan: #335

AOL Time Warner Thrift Plan
(now known as Time Warner Thrift Plan)

Schedule H, Line 4(i)—Schedule of Assets (Held at End of Year)

December 31, 2003

Description of Investment	Current Value
Loans to participants (interest rates from 5.00% to 11.50%, maturing through September 2029)	<u>\$16,961,321</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on their behalf by the undersigned hereunto duly authorized.

TIME WARNER THRIFT PLAN

Date: June 25, 2004


By: 
Name: Pascal Desroches
Member of the Administrative Committee

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>	<u>Sequential Page Number</u>
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm	20

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statement Nos. 333-53574 and 333-102787 on Form S-8 of Time Warner Inc. pertaining to the Time Warner Thrift Plan (the "Plan") of our report dated June 11, 2004, with respect to the financial statements and supplemental schedule of the Plan included in this Annual Report (Form 11-K) for the year ended December 31, 2003.

Ernst & Young LLP

New York, New York
June 22, 2004